G. R. S. IX-5]

*Previous references.*

File No. 64-15-

1915-16

Serial Nos. 6

( G7 )

*Later references.*

P 562 E

# GENERAL AND REVENUE SECRETARIAT.

---

*Serial Nos.*

Part B for March 1916

---

SUBJECT.

Extension of "State Life Insurance" to the Public of Mysore

---

Order

No H: 2704-53/G7.64-15-

(Dt 16-12-15:

Sanctions the Extension of State Life Insurance to the General Public.

W D 1250—GPB—30,000 28-1-19

GENERAL AND REVENUE SECRETARIAT.

(97)

NOTES.

File No. 64-15-

FILE HEADING.

Extension of the State Life Insurance to the Public of Mysore

From

| No. | Dated | Received |
|---|---|---|

| Diary No. | Enclos. | Spare Copies. | Serial No. |
|---|---|---|---|

BRIEF ABSTRACT OF LETTER.

NOTES AND ORDERS.

NOTES—First Sheet.

GPB—20,000—8-8-14

General and Revenue Secretariat.

~~64~~ 67 File No. 64 of 1915

Serial No. 325

Subject: Extension of Government Scheme of Life Insurance

1(a)

A Scheme for extending life insurance to the general public was worked out by the Education Committee of the Conference in collaboration with the State Insurance Committee. It was however not endorsed by the Conference by the requisite majority.

2 The scheme however deserves to be examined on its merits by Government independently. The printed papers placed below contain sufficient details. I would suggest that the matter be considered by Govt. In

A + B

NOTE—Contn. sheet.

GBB—20,000—20-1-12

General and Revenue Secretariat. | File No. of 191

Serial No.

In my opinion the adoption of the measure by Govt would be decidedly advantageous in various ways.

Dewan 26/7/12

24/6 27-7-12

3. To Mr Keay for a note — Why the Asst Comrs & the Measure recommended is to extend the scheme to the entire Service

H Lees 234

4. The Scheme has been thrown out by the Insurance Office and it is for consideration if Govt can introduce it in spite of the opinion of the Insurance Committee. ~~If this can be done why should the~~ Just as the Government open Savings Banks to encourage the habits of thrift among the poorer people & to give them an opportunity to invest their small Savings, similarly the Govt may undertake Insurance

NOTE—Contn. sheet.

GPB—20,000—20-1-12

General and Revenue Secretariat. | File No. of 191

Serial No.

2 3 4

business to encourage the habit of
providence in the poorer people and to
give them an opportunity to derive
the benefits of Life Insurance, ~~which~~
as for many reasons ~~they~~ ~~banking~~
they are not able to ~~deal~~
deal with Private Companies.
5 There ~~will~~ may be some practical
difficulties in working the scheme, but
if it is admitted that it is not outside
the Province of Govt. to take up such
work, the scheme is worth taking
up as it will benefit both the
people and the Government.
Whatever facilities may be
accorded in the matter, there will
always be a great number of
people who ~~will~~ will not go in.
for insurance and there will be
no danger that the work will
~~be of very great magnitude~~ be of
too great magnitude to be
successfully managed by Govt.

To await views of Hon'ble Member in charge

Hon'ble Member in charge 24/8

6 I have little to add to my note as Secy Insurance Committee which is with

Pages 3 & 4 of the printed paper flagged A



GBB—20,000—20-1-12

G. R. S. 12]

General and Revenue Secretariat. | File No. of 191

Serial No. 234

the printed papers

7. The masses must first but the majority of them are and will for many years remain far from a stage when they can trust ~~state~~ a it campaigns & insure with ~~them~~. Moreover, there being no local insurance companies in Mysore should we force our people to go to outside companies over which the Govt of Mysore have no control? Let Govt begin the work. If a ~~private~~ local company is afterwards willing to ~~take up the business~~ start insurance work Govt can withdraw from fresh work in the field & give free scope to the local company. This can be easily effected by raising the Govt rates for new applicants. Thus both for giving the benefits of Insurance to the bulk of the population as well as to lead the way in this line of business either the State Govt should take up the work.

8. Of course when we go to lives in the lower strata the premium should be proportionate to the risk. The present rates which are for superior officials only may not be applicable. That however is a point of detail.

9. In this connection I think that the attention of the Committee of Industries & Commerce may be drawn to the subject. They may investigate the possibility of opening ~~an~~ a high class Insurance Company in Mysore

Bowring

3220
3.9.12

NOTE—Contn. sheet.

31/8/12

GPB—20,000—20-1-12

G. R. S. 12]

| General and Revenue Secretariat. | File No. | of 191 |
|---|---|---|

Serial No.

2754

To be circulated & Commercial opinion — There may not be found in reference the case & the Committee for Industries & Commerce as the subject does not appear to fall within the scope of their investigations & it is not likely that they have the data —

I have no misgiving that an expression of the public will distrust the part in this matter. If people feel back it will be from a natural & enforced disinclination & time — or inability to spare the premium but the popularity which would be unfortunate —

save +

The scheme seems to be worthy of adoption —

Letter of Reference

Great [illegible] circulation)

C. Clerk circulate 23/4/12

NOTE—Contn. sheet.

GPB—20,000—20-1-12

', G. R. S. 12]

General and Revenue Secretariat. | File No. of 191

Serial No.

I have given my opinion already in favour of introducing the Scheme.

If the medical examination continues to be properly conducted, I think there can hardly be any need to revise the rates. However all ~~this~~ the details may be considered after the question of introducing the Scheme is settled by Govt.

15/9/12

2nd Commissioner

23/16/9

The Scheme is said to have been thrown out by the Insurance Committee. Please let the file start & ref.

23/19/9

19/9/12

NOTE—Contn. sheet.

GPB—20,000—20-1-12

H Cons 234

C R. S. 12]

General and Revenue Secretariat. | File No. | of 191

7

Serial No.

To the Secretary Insurance Commissioner
for kindly putting up the papers
called for by the 2nd Councillor.

Pro H 27
8 21 9 12

Sd.
S. Shamanna
28/9/12
For Financial Secretary

D
Letter book
21/9/12

The required papers are
put up.

28/9/12 Shamanna
Asst Secy F.C.

Vide file linked
Subd: 2nd (r)
28.9.12
Init
23/9

I heartily support the Scheme
the public will prefer insuring
their lives in Govt. to Private
Companies. This will be a great
help to the public, no doubt
there is some risk
on the part of Govt. in
working the details of the Scheme

NOTE—Contn. sheet.

GPB—65,000—17-6-12.

C R. S. 12]

General and Revenue Secretariat.

File No. of 191

Serial No.

Instrument may be kept in view & safe

granted

26/9/12

3624
28-9-12

Deesan

29/9

NOTE—Contn. sheet.

GPB—65,000—17-6-12.

No C. 73
12. 9. 12.

# GENERAL AND REVENUE SECRETARIAT.

**Council Matter.**

---

SUBJECT.

Extension of the Government Scheme of Life Insurance to the General Public.

CIRCULATED TO COUNCILLORS.

By Order,

12th Sept. 1912.

Offg. Secretary to ~~Government~~.

---

**First Councillor.**

**Second Councillor.**

*Submitted to His Highness.*

These papers relate to a proposal to extend the Government Scheme of Life Insurance to the General public.

2. One of the subjects enumerated for the consideration of the Education Committee of the Mysore Economic Conference related to the 'extension of State Life Insurance to the general public'.

Flag A

3. In consultation with the State Life Insurance Committee, the Education Committee submitted a scheme for the consideration of the Economic Conference held during the Birthday Session of 1912. The scheme was not endorsed by the Conference as 15 out of 37 members present voted in favour and as the number in favour of the proposal was less than two-thirds of the Conference, the matter could not be submitted to Government in the form of a Resolution for their consideration. The First Councillor recommends that the scheme deserves to be examined on its merits by Government independently of its being not recommended by the Conference.

× Flag O

Page 1 of the Public Notes

4. Before indicating the features of the scheme, I may submit for His Highness' information that, when the

proposal formed the subject of consideration by the State Life Insurance Committee, the proposed extension was not supported by a majority of the members of the Insurance Committee. The votes for and against the scheme were as shown below:-

Pages 2 & 3 of paper flagged A -

| For. | Against. |
|---|---|
| Messrs. | Messrs. |
| 1. D.Devaraj Urs, Inspector General of Police | 1. K.S.Doraswami Iyer. |
| 2. H.V.Nanjundayya as President of the Committee | 2. P.S.Achyuta Rao. |
| 3. J.S.Chakravarti, Secretary of the Insurance Committee | 3. M. Muthannah. |
| | 4. T. Satyaraj Chetty. |

The opinions recorded by the Members of the Insurance Committee are appended to the Education Committee Chairman's printed note.

X Flag A · page 2

5. The object, scope and rules of the proposed scheme are briefly indicated below:-

Object:- To afford to the general public of Mysore a means of learning first hand the benefits arising out of an institution of the kind and to inculcate provident habits.

Scope:- Only the lives of bona fide domiciled Mysoreans of both sexes may be insured.

Rates:- Rates prescribed in the State Life Insurance Rules.

Management:- To be worked as part of the State Life Insurance Scheme.

Payment of Premiums:- To be paid in quarterly, half yearly or yearly instalments as may be decided upon.

6. Mr. Chakravarti and both the Councillors support the proposal of the Education Committee that the Government Scheme of State Life Insurance may be extended to the general public.

7. It is gathered from Mr. Chakravarti's letter No.58 dated 15th August 1911 to the address of the Secretary, Education Committee that no Government has yet undertaken a commercial enterprise of the kind and that the Government of Italy is considering the question of making insurance its monopoly. The most grave objection that may be advanced against the adoption of the scheme is the liability of the Revenues and assets of the State to discharge the assured bonuses. Per contra it may be urged that if medical examination be stringent as it has hitherto been, the larger the clientale of the Insurance, the more assured and prosperous the scheme would be.

Keep it for details Shinde Sd 24/10

Record of Cases submitted for the Orders of His Highness the Maharaja

## *Subject.*

Question of the extension of the Government Scheme of Life Insurance to the general public.

## *Order.*

PRIVATE SECRETARY TO THE DEWAN · MYSORE ·

Bangalore
15th September 1914.

D. O. No. 1226/En on file.

Dear Mr. Balasundaram Aiyar,

I send herewith the file of papers relating to the question of the extension of the Government Scheme of Life Insurance to the general public. The papers which were submitted to His Highness with the late Dewan's submission note of the 3rd October 1912 have been received back for further scrutiny. As the question is being dealt with by you, I return these papers also for reference. This had been kept here as ordered by Dewan.

Yours sincerely,

S Srinivasaiya

1914.

# Mysore Economic Conference.

No 3137. E.C.

NOTES.

From

The Secretary,

Industries and Commerce Committee.

No. 392. Dated 18th August 1914 Received

BRIEF ABSTRACT OF LETTER.

Forwarding copy of resolution passed by the Committee at its meeting held on the 30th July 1914, to the effect that it is desirable to throw open the State Life Insurance and Family Pensioned Schemes to the Public.

NOTES FOR ORDERS.

The subject was brought up for discussion at the recent session of the Conference and though the principle was supported by some of the members, it had the opposition of several non-official members who held that Government ought not to adop a policy that could destroy all chances of private effort. As the subject required thorough investigation before any resolution was arrived at, it was referred to the Industries and Commerce Committee for investigation and report.

The Industries and Commerce Committee at its meeting held on the 30th July 1914, considered a note prepared by Mr. J.S.

GPB—500—20-5-15

No. 313/E.C.

Chakravarti. The note explains in detail why the benefits of the insurance are not at present carried to the masses in spite of the exertions of the private companies and how the Government can succeed where private efforts fail. It argues in a convincing manner that the State is not interfering with private enterprise by extending the scheme to the general public.

The Committee is in accord with the opinions expressed in the note that it is a great economic advantage to familiarize the ryot population with sound ideas of insurance and that for the present this method of protection could only be extended by the State. The Committee also considers that the enlargement of the business that is sure to follow upon the extension of the sgheme to the general public, will keep the management quite as economical and efficient as at present. On these considerations the Committee recommends that the note be submitted to Government for favourable consideration.

A draft letter to Govt. forwarding the note with the resolution of the Committee is put up for approval.

This Subject may be placed before the Standing Committee at its next meeting, which may be held in October.

10/10/28

20.8.28

President

20/8/28

My Dear Sir,

By direction of the Dewan Sri Viswesvaraya, I enclose herewith ~~a copy of a scheme to~~ some papers for favour of your opinion. As you may be aware the Mysore Govt. conducts a Life Insurance business for the benefit of Govt servants who are all obliged to take part in it. From time to time a desire has been expressed in the Dasara Representative assembly that the scheme should be known & open to the people of the state generally so that any person in the state might have

Submitted to the Fin Sec E A.

The Dewan desires that a note may be put up forwarding Mr Chakravarti's Scheme to some Bombay Experts ( Mr Lallubhai Samaldas & Insurance) for opinion

SBL
4/7/9

2 drafts are put up.

CSN
9/7/09

PSD)

G. R. S. 12]

General and Revenue Secretariat.

File No. 313 of 1914-15.

Serial No.

Subject:- Throwing open the State Life Insurance Scheme to the public.

1574
14.9.14

The Secretary will kindly discuss the subject first with Mr. Rose and obtain from him the names of two or three capable financiers in Bombay and Northern India who may be able and willing to give us sound advice. If necessary, a fee may be paid for such consultation.

12.9.14 RR

NOTE—Contn. sheet.

GPB—10,000—13-6-14

As desired, I discussed the matter with Mr.Rose and his views on the subject are expressed in his letter.

Subsequently, I discussed the matter with Mr.J.S.Chakravarti, who strongly deprecated the idea of consulting persons connected with the Life Assurance Companies outside the State on the subject, as they are likely to be prejudiced against ~~the~~ State intervention in this matter.

In his opinion, the question now to be decided is one of broad policy and in support of his suggestion Mr.Chakravrti has instanced the case of Italy. From details given in a recent book on the subject it is gathered that in Italy, Life Insurance has been made a State monopoly and private Insurance companies are prohibited by statute from doing any business, and the rights of Companies which were doing business have been arranged to be purchased by the Government. Certain other countries have also taken up insurance in various forms, - Switzerland, some States of the United States of America, etc. Here ~~there~~ is no idea of making it a state monopoly. It is only proposed to throw open the existing scheme to the public and in a way to compete with other companies now operating in the State. The subject therefore before the Government is the question of accepting the broad policy of State intervention. Pages 1-80 of the book referred to deal very clearly with the pros and cons of State Insurance.

"Insurance and the State" by Prof. W. F. Gephart.

I am inclined to agree with Mr.Chakravarti that we shall not get much useful advice from outside people in regard to this general question.

After the State decides to throw open its life insurance scheme to the people, technical details such as rates, rules, terms of policies, etc. will have to be settled and in regard to these experts may be usefully consulted. The Secretary to the Insurance Committee may be asked to prepare the detailed scheme after consulting experts.

C83
8/7/15

Dewan )

107
8.7.15.

The Subject may be discussed at a meeting;

For the Proposal,

1. It is likely to be popular on account of its safety.
2. The fact that its rates are somewhat higher or lower than in other similar Concerns is not likely to influence

petty investors either way, as they rarely make or understand such calculation as would be required.

The difficulties in the way:

1. Payments of premia are likely to give much more trouble on account of irregularity, when the scheme is ~~made~~ extended beyond the circle of those who get monthly salary or other defined periodical income.

2. The number of those with defined periodical income ~~are~~ is very limited.

3. The rules of lapses and forfeitures will have to be made very elastic to ~~suit~~ suit such

Serial No.

clientele. It is quite possible to devise proper rules & safeguards, but their working will be much more complicated than that of the present limited system.

4. It will become a more complex department, and I do not think it will be possible to work it on the same economical lines as at present.

25/7/15

Secretary) 27/7/15

C.S. ai saw 28/7 28/7

(3)

Subject.-(Clause viii of the Schedule)

Question of throwing open the State Life Insurance and Family Pension Schemes to the general public.

OPINION OF THE COUNCIL.

The proposals may be deferred ~~for~~ ~~six~~ months, until March next.

15/9

For disposal at a Meeting.

No. C. 58

30. 7. 1915.

# GENERAL AND REVENUE SECRETARIAT.

**Council Matter.**

---

## SUBJECT.

(Clause viii of the Schedule).

Question of throwing open the State Life Insurance and Family Pension Schemes to the general public.

## CIRCULATED TO THE MEMBERS OF COUNCIL.

By Order,

D. M. Narasinga Rao.

30th July 1915. Offg. *Secretary to Government.*

---

**Extraordinary Member of Council.**

**First Member of Council.** Opinion recorded by the First Member of Council.

**Second Member of Council.**

GPB—1,000—3-2-14

M.O. 33915

G. R. S. 12]

General and Revenue Secretariat. | File No. | of 191 .

Serial No.

The Council are of opinion that this question may be ~~accepted~~ deferred till March next. The file will be referred back to the Conference Office which will resubmit the file early in March 1916 for further consideration.

Asst Sec'y. 22. 12. 15.

Put memo. Please keep this here & put up in March next. Put for Mr

Mr 22/12

Sec

Orders have been issued. Vide No. H. 2704-53 & S7704-15-1

C 16. 12. 15. These papers may be filed

Subd 25. 2. 16

Mr 27/3

Re B

NOTE—Contn. sheet.

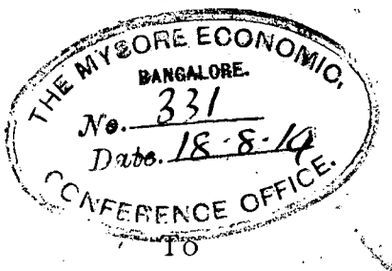
GPB—70,000—17-12-15

No. 392
Enclosure

THE MYSORE ECONOMIC CONFERENCE,
INDUSTRIES & COMMERCE COMMITTEE,

Bangalore, dated 14th aug. 1914.
15th

FROM




C. RANGANATHA RAO SAHIB, Esqre., B.A., B.L.,
Secretary, Industries & Commerce Committee,
"Ringwood," High Ground, BANGALORE.

TO

C. S. Balasundaram Iyer, Esq., B.A.,
S e c r e t a r y,
The Mysore Economic Conference,
B a n g a l o r e.

SIR,

I have the honour to forward herewith copy of a resolution passed by the Industries and Commerce Committee at their meeting on the 30th July 1914 to the effect that it is desirable to throw open the State Life Insurance and Family Pension -- Schemes to the public. The Note on the subject, written by Mr. J.S. Chakravarti, two printed copies of which are forwarded for the information of Government, deals with the whole question in a lucid and convincing manner. The Committee are in accord with the opinions expressed in the Note that it is a great economic advantage to familiarise the ryot population with sound ideas of insurance and that for the present this method of protection could only be extended by the State.

From the figures given in the Note, it is apparent that the benefits derived from the State Life Insurance Scheme compare favourably with the advantages offered by the leading companies in India.

The Committee consider that these benefits may well be placed within the reach of the ryot population and that the enlargement of the business that is sure to follow upon the extension of the scheme to the General-public will keep the

management

management quite as economical and efficient as at present.

I have the honour to be,

Sir,

Your most obedient servant,

C Ranganatha Rao Sahib

Secretary, Industries and Commerce Committee.

Proceedings of the 30th meeting of the Industries and Commerce Committee, held on 30-7-1914.

x x x

5. EXTENSION OF STATE INSURANCE TO THE PUBLIC:--

Mr. Chakravarti's Note on the subject was placed before the members and Mr. Chakravarti explained briefly how the State would not be competing with private companies in this direction but would on the other hand induce more people to -- insure their lives by affording them undoubted security. Private Insurance companies would not get hold of the confidence of the masses nor would they be willing to give up all the profits they would make by the business. The State does not deal with Life Insurance as a business which will bring it profit but returns to the policyholder every pie that it receives after deducting the necessary expenses.

It is desirable to throw open the State Life Insurance and Family Pension Schemes to the public and that

It was resolved that the Note of Mr. Chakravarti regarding the extension of state insurance ~~to the public~~ be submitted to Government for favourable consideration.

Resolution 1

x x x

"EXTRACT"

C. Ramagamachar Rao Sahib

Secretary, Industries and Commerce Committee.

GPB—1,000—4-12.18

1914

From

The Secretary,
Economic Conference

To

The Secretary to Govt.
for Education and
Agriculture.

Dated

Despatched

Received

General No.
No.

Enclosure No.

---

Sir,

I have the honour to
forward herewith for orders
of Govt. copy of letter no.
392, dated 18th August 1914,
from the Secretary, Industries
and Commerce Committee,
forwarding copy of resolution
passed by the Committee at
its meeting held on the 30th
July 1914, to the effect that

it is desirable to throw open the State Life Insurance and Family Pension Schemes to the general public, and that the Note prepared by Mr. P.S. Chakravarti, on the subject may be forwarded to Govt. for favourable consideration.

A copy of resolution of the Committee with a printed copy of the Note referred to above is also forwarded herewith.

Thanks

Secretary

S.A
20/8/14

D-O. 216/1 17/9/14

Dear Mr Rose,

You are probably aware that the Industries & Commerce Committee ~~it is under contemplation~~ have recommended Govt. to throw open the Mysore State Life Insurance to the general public. I send herewith a note on the subject prepared by Mr. Chakravarti. Before taking ~~any~~ proposal ~~the practical~~ action on the ~~scheme~~, it is considered some men of desirable to consult financiers experience ~~like yourself~~ on the ~~matter~~ Subject.

I shall be much obliged to you if you will kindly ~~send~~ let have me the names of two or three capable ~~financiers~~ men in Bombay and Northern India whom we may ~~may be~~ ~~able and willing to help Govt~~ ask for ~~their~~ advice in the matter. I should also like to ~~and also favour~~ ~~me with~~ have your own opinion in some detail I should like ~~would~~

~~on the feasibility and soundness of the scheme. I shall be glad to discuss the matter with you some time after Dasara.~~ to meet you before I leave for Mysore. If possible I shall try to see you between 11-30 & 12 tomorrow.

~~An early reply will oblige.~~

yours sincerely,

CSG

W. C. Rose Esqr.

Manager, Bank of Mysore Ltd.

ALL COMMUNICATIONS TO BE ADDRESSED TO THE MANAGER
TELEGRAPHIC ADDRESS: "MYSOREBANK."
CODE: B. C. 5TH EDITION.

No. D/O

The Bank of Mysore, Ltd.,

Bangalore, 19th Dec. 1914

Dear Mr. Balasundaramiyer,

In reply to your D/O letter of the 17th Sept. 1914 No.216/, asking for the names of two or three capable men in the Life Insurance line whom Government may ask for advice on the subject of the extension of State Insurance to the general public, I beg to suggest Government approaching a few Life Assurance companies transacting business largely amongst the Indian community, such as -

(i) The Positive Government Security Life Insurance Co., Calcutta.
(ii) The Oriental Govt. Security Life Assurance, Co., Ltd. Bombay.
(iii) The Empire of India Life Assurance Co., Bombay.
(iv) The National Insurance Co., Ltd., Calcutta.

If, however, advice from Life Insurance men is desired, I can confidently recommend the following gentlemen - all possessing a long and intimate experience of Life Insurance in India:

i) Mr. C. C. Gulliland late of the City of Glasgow Life Assurance Co., 5, Lyons Range, Calcutta.
ii) Mr. H. D. Munn of the North British & Mercantile Ins. Coy. Calcutta.
iii) Mr. W. R. Rae of the National Insurance Co., Calcutta.

In your letter under reply, you do me the honour to ask for my opinion on this matter, but I must candidly disclaim any special knowledge on so intricate a subject as the

proposed extension of the Mysore State Life Assurance to the general public. I have had the pleasure of perusing Mr. Chakravarti's note on this important subject, and like him I will not expatiate on the benefits of Life Insurance generally. My connection and residence in this State being so short, I cannot claim to be in a position to discuss ~~the~~, with experience, the question whether the extension of Life Insurance to the great masses of the agricultural and labouring population of this State is called for, yet awhile, or whether success is likely to crown the ~~xxxxxxx~~ laudable ambition of the author of the note.

I candidly admit some doubt in my mind as to the majority of the agricultural and labouring population, in their admitted poor financial condition, to be able to participate in the benefits of Life Insurance. The information which I have acquired tends in the opposite direction viz., that the majority of the inhabitants of the Province are weighed down by debt which they find difficult to discharge, or to bear with any degree of comfort, as well as make provision for improving their own worldly surroundings. The rapid increase of Co-operative Societies in some measure gives confirmation to this unfortunate state of affairs. If the Societies are doing good work it must surely be in the direction of helping debtors to cast off the fetters of the moneylenders, and it is

only natural that the desire to again possess their lands, free of debt, will hold the field against the benefits of Life Insurance, realizable more likely than otherwise by their dependents after the death of the assured. However, this is a matter which Government must be best acquainted with, and I only mention the same in order to invite attention to the point whether the time is opportune for the proposed extension. Obviously, the proposition of the extension of the present State Insurance to the masses is a matter for experts possessing actual experience and information of the longevity of life amongst masses of agricultural and labouring population in India. It is stated by Mr. Chakravarti that the life companies doing business in India neither touch these classes nor do any business with them. The reasons given in the pamphlet for this avoidance may in a measure be correct, but I am inclined to think that the principal obstacle is due to the great risks involved, such as, personation, collusion and fraud. These risks are, now, of constant occurrence, and will become greater as the field for them is also extended. That there will be some increased liability to Government will, I am sure, be admitted by Mr. Chakravarti. Naturally, there will not be the same range of what may be described as "good lives" which the Government are now in a position to choose from. The Government official is generally well fed and better housed than members of the agricultural and labour-

labouring communities. He is also in a position to secure better medical attention, and has, besides, his privilege and furlough leave allowances to fall back upon for the recuperation of his health, or even avoidance of epidemics. The unfortunate village agriculturist/labourer is minus these advantages, and the consequential results are clearly stamped on his constitution. I do not suggest for a moment that Government would openly select such lives for insurance, but that such is the unfortunate state of affairs to which the strong and young agriculturist and labourer, in this country, drift to after years of exposure, and occasional bad seasons, and which Government are powerless to control.

I have no information concerning the tables of mortality on which the present premiums of the Mysore State Insurance are based. If these are calculated on the general mortality of all classes in the State, they should suffice to protect Government in view of the fact that the rates are about 11% higher than the Government of India Postal Insurance premiums, and still higher than those of Insurance companies doing business in India. The reason for this excess is stated as being due to the Government of Mysore having "just "ordered a reversionary addition of one per cent for each "year for which premium has been ~~fixed~~ paid to ~~the~~ every "State Insurance policy." If this decision has retrospective effect from the year 1854, the excess has proved a profitable

investment to the policy holders. It must, however, be remembered that it is an easy enough matter to compel Government employees to pay this extra 11%, but will this be possible when the field for voluntary insurance is thrown open to the masses with outside competition growing keener daily ? It is admitted by the Insurance world that the Government of India Postal Insurance rates are based on the best actuarial information and experience available, and I venture to suggest that the Mysore State Insurance rates should be reduced to those of the Government of India Postal Insurance. Such a step will undoubtedly tend to increase the popularity of State Insurance amongst Government officials at least, especially, if the present restrictive condition attaching to the assignment of a policy in favor of a creditor is removed, say, in the cases of secondary and subsequent insurances. I observe on page 2 of the pamphlet that Mr. Chakravarti is willing to permit of the transfer of a policy to a creditor in times of need or scarcity - a concession which I think the Government official, also, has a claim to, and who, equally with the agriculturist, has his times of need or scarcity. It is most important that a scheme of this nature to be of any success should be voluntary and popular amongst the masses. In the pamphlet it is proposed to utilize "the Government taluq and village administrative "machinery" in order to secure business from the masses, and Mr. Chakravarti admits that when dealing with the general

public "a greater elasticity in methods of work will be "necessary" In addition to the proposed machinery, I would suggest Government obtaining the Agency of 500 Co-operative Societies with a membership of 40,000 souls to act as Insurance Agents on terms which will prove an incentive to them to secure business. Such a combination of forces would greatly help Government to really come in touch with the masses, and such co-operation would be evidence of the voluntary nature of the scheme. The Societies themselves would be able to strengthen their position, as creditors, and on the death of an assured avoid the trouble and expense of foreclosure and sale of the mortgaged property. They could, also, be the Agency for the collection of premiums thus probably saving the assured much delay at Treasuries, and a long journey to the taluq office. The payment of premiums might in certain cases be paid by the Societies themselves, and collected by them from the assured at harvest time. By such means will personation and fraud be reduced to a minimum, and I would even make it a condition of an Agency that the Society is responsible for the bona-fides of the assurance, as well as the payment of claims to the rightful owners. The Government will thus have their scheme conducted by the people themselves, and be saved a deal of correspondence with illiterate parties.

The point chiefly deserving the careful consideration of Government is the present necessity for the sudden extension

of the scheme from the Government official to the illiterate, and in most cases, ignorant labourer and agriculturists.- the social gulf separating these two classes is great, and I would therefore prefer to see the scheme first extended to the educated landlord and mercantile communities, and with policies restricted to a minimum insurance of rupees five hundred.

Yours sincerely,

C. S. Balasundaramiyer, Esq.,
General & Revenue Secretariat,
Bangalore.

D. O. No. 2289

Lectures
Forwarding submission of the Council
15.9.15

Comptroller's Officer,
Bangalore, 14th September 1915.

My dear Sir,

I beg to send herewith for favor of your perusal a printed copy of my paper on State Insurance with important passages marked in red ink and typed extracts from some standard works on the same subject.

A proposal for extending the Mysore State Life Insurance Scheme to the public is now before the Council and may be taken up for discussion to-morrow. The paper and extracts give some information on this point and may I hope, prove interesting.

Yours sincerely,

P Chakravarti

Sir M. Visvesvaraya B.A., K.C.I.E., etc.,
Dewan of Mysore.

A few extracts

From " State Insurance, A Social and Industrial need " by Frank W. Lewis-

(1) The state should move cautiously and tentatively in the direction of experiment; but, as the evolution of the modern state plainly shows, it must move. It must often subordinate the independence of the individual to the general good; it must work out many of its beneficent purposes by collective means; it must sometimes compel the individual to do that which he ought to be willing to do. Page 27.

(2) The proposition that the state should take upon itself the new function of the insurance, in some form, of its citizens should be met rationally.

.....

It is unwise to attempt to set arbitrary limits to the functions of the state. Each proposition for enlarging its sphere of action must be met, not by invoking ancient maxims which deserve to be relegated to the junk-shop of economic cant, but by an appeal to history and to sound economic principles. Page 39

(3) Even in the field of insurance the state has shown a purpose to supervise and to control. Much that is stable and permanent in life-insurance to-day is traceable to the state's intervention by way of direction and of restraint.

.....

The state's attitude towards pauperism furnishes another instructive analogy. If the state may assume the parental relation towards the pauper, it may properly consider the causes which lead to pauperism; it ought to be as legitimate a function of the state to seek to prevent it as to attempt to deal with it after it becomes a dangerous and incurable disease.

.....

But the rule of action must be the same in all legislation which concerns society as such,--the rights of property, the independence, the comfort, or the convenience of the individual must yield whenever a distinct public interest is subserved by an enlargement of the function of the ~~xxxx~~ state. Pages 40-41.

(4) We are to consider whether state insurance--the insurance, especially of workmen, against accidents, sickness, invalidity, and death--are within its proper and legitimate sphere.

.....

The suggestion of Government insurance against the vicissitudes of life is not a new one; it has been agitated for the past fifty years in Germany, England, and France. The imperfection and inadequacy of all existing systems and plans has been recognized. It has become evident to thoughtful men that the matter should not be left entirely to private initiative and management. It has become the accepted doctrine that such insurance should be under the control of the state, as is shown by the appointment of legislative and parliamentary commissions and by the ample powers conferred upon state insurance departments. Pages 42-43.

(5) It may, too, be fairly claimed that the state is peculiarly adapted to the administration of insurance and the calculations required, as they are largely matters of mere mechanical routine. The workman needs to have the cost of insurance, in its various forms, authoritatively stated, and to procure it at the minimum of cost. Thousands are to-day dissuaded from taking insurance because they realize that they must pay for it excessive rates. A competitive system, with its enormous reduplication of solicitation, exists at the expense of the insured and bears most heavily on those most needing insurance and least able to bear any unnecessary burdens. The state can provide for insurance at the very minimum of cost. Much of the work required could be brought under existing insurance departments and municipal machinery. There would be no hordes of solicitors, all of whom must earn a living; no extravagantly paid officials; no palatial offices or costly buildings; no corruption funds to control elections or legislatures. Page 5-0.

(6) There is no subject that enagages the thoughts of men, involving the payment of money or the investment of funds, over which there is greater solicitude as to safety and security than that of insurance against the vicissitudes of life. For this feeling there are powerful reasons. Insurance against accidents, sickness, invalidity, and death concerns the most serious and important aspects of human affairs. If the insurer fails to perform his part of the contract, the loss may be irreparable,--the insured may not only have lost the funds invested, but through the advancing age or diminished earning capacity he may have become unable to reinsure; the contract, if for an old-age pension, is to be carried out often at a far distant day,

day, perhaps after an interval of fifty years; if the contract is for life insurance it is definite in its duration, but its adjustment, after the death of the insured, must be affected by others. But the contract of the state offers absolute safety and security; no incompetency, extravagance, or dishonesty of officials can impair the solemnity of its guaranty; through all ordinary mutations in political and financial affairs the state must endure; if it makes a contract to-day to be fulfilled in the far distant or indefinite future, the party interested relies upon its promises with serene confidence, Page- 51.

(7) It is sometimes urged as an important objection that state insurance would injure, or, if made exclusive, ruin existing companies. This arises from a mispprehension. Existing insurance companies, or institutions do not exist for their own sake, but for the sake of the policy-holder. No policy-holder would suffer harm if no further policies should be issued. Perhaps he might even be benefited bacause his accumulations could not be used--as they often have been--to secure new business. The solvent company can meet all its obligations to its policy-holder; beyond that he has no interest unless of a purely sentimental nature. It has been urged, even, that state insurance should be opposed beaause it would interfere with the employment of insurance solicitors. On one occasion, when the Canadian Government had the subject under consideration, it was indignantly asked, " Why should Government take the bread from the mouths of the people who are ~~making~~ earning their living by life insurance ? " This is quoted with approval as a strong argument against Government insurance, but it is

State Life Insurance for the Public-

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A few extracts.

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From " Insurance and the State " by W.F. Gephart, PH.D.- Professor of Economics, Washington University- Author of " Principles of Insurance."

.....

(1) No more interesting aspect of the public's attitude towards insurance has developed than the opinion which is beginning to be expressed in many quarters that the business should be made a public monopoly. Preface - page v

.....

The author hopes that his practical experience in the business and his teaching of the subject have made it possible for him to appreciate the arguments of the opposing parties to the controversy. Preface - page vi

.....

No effort has been made to write a brief either for or against a state monopoly of insurance. preface - page vi

(2) Therefore for the state to assume the business of insurance would not involve its entering upon new, untried, and dangerous grounds. Page 6

(3) Constitutions and laws therefore present but temporary obstacles to the assumption or even monopolization of the insurance business by the state. Page 9

(4) Its first and fundamental characteristic is mutuality; the principle of each for all and all for each. If then, the idea of profit to ~~xxxx~~ the insured is excluded by the very nature of insurance, and if it is a method of reducing necessary risks and if the value resulting is distintly a social value, ~~xxx~~ should individuals be permitted to receive a profit from administering it ? Pages 11 + 12

(5) The most notable case of state insurance is that established by the Italian law of April 4, 1912. This law makes life insurance a state monopoly. The issuing of all policies of life insurance is intrusted to a National Institute of Insurance, a department of the state to which the treasury of the state issues the money necessary for its operation. The net profit of operation goes to the public treasury for a fund to provide working-men pensions. However, it is not primarily financial in its purpose; for, as Minister Nitti insists, " the essential thing is not to obtain revenue for the state, but to render life insurance popular with the classes and to make it accessible to all." It must be emphasized that whatever profit results does not go to pay the normal expenses of the state, but is to be set aside in toto for the specific social purpose of providing pensions for workingmen. Page 15.

.....

It is to be especially noted that the law applies only to life insurance. Page 15.

.....

The law nullifies all contracts of life insurance made after the law of 1912 is placed in effect and denies a hearing in Italian courts on insurance contracts made in foreign countries. It is made an offence for a company or its agents to solicit life insurance, and in case this is done, the agent is fined, the contract is nullified, and the informer is given a part of the fine. Page 16.

(6) The canton of Neuchatel has public life insurance. Page 19.

(7) In France State insurance is one of the most important questions of the day. During the several sessions of the Chamber of Deputies bills have been introduced organizing a state monopoly of insurance. Page 20.

(8) In some of the Australian states, especially New Zealand, life insurance by the state is provided, but here also it is found in competition with private companies. Page 21.

(9) The United States also affords various examples of state insurance, the most interesting of which is probably the plan recently placed in operation in Wisconsin. The law passed by the legislature of 1911 provides for the sale of life insurance policies by the state, beginning Jan. 1, 1913. Page 21.

.....

No revenue is sought by the state, but the expenses of transacting the business are to be met from the life fund. Page 22.

(10) If the state assumes the business of life insurance, it must be for one or more of three reasons:-

(a) As a desirable source of securing revenue for the state.

(b) As a social developmental activity whereby greater numbers may benefit from an application of the insurance principle.

(c) As a method of completely regulating the business without the primary object either of revenue or of extending its social benefits. Pages 30 & 31.

(11) State Insurance may be urged on the ground of its social significance. That is to say, the state will go into the business for social developmental purposes, and not for the sake of revenue. It is undoubtedly this purpose which is commanding most attention and which is chiefly responsible for the application of the scheme in the different examples that have been described. The plan appeals very strongly to the social-minded. Many have begun to realize the far-reaching possibilities of insurance as a social institution, and are eager to extend its application by seeking the influence of the state or demanding that it use its coercive power. Pages 34 & 35.

(12) As regards such savings in operating expense as salaries of directing officials and other heads of executive departments, there would be considerable opportunity for economy. These administrative positions call for very high-grade ability, but doubtless one medical examiner or one president could direct with efficient subordinates the work of the insurance of the state which is now done by the same officials of the several companies within the state.

Page 55.

(13) It is sometimes argued for a system of state insurance that the policyholder would know definitely what the costs ~~xxxx~~ were, and he would not be at the mercy of the companies as he now is. It is said that the prospective purchaser cannot distinguish one company from another as to costs, and that after he becomes a policyholder he has no choice but to continue as a member, however unsatisfactory the returns or costs are to him in his company as compared with those in another company. There is a large element of truth in the statement,. Page 56.

(14) A minor reason assigned for state insurance, as a means of increasing the popularity of insurance, is that the people would have great confidence in its security... Page 63. [This reason though described as "minor" by the American author is very important under Indian conditions J.S.C.]

.....

Such a minor argument, that by state insurance much money would be kept in the state, deserves no critical consideration, were it not for the fact that it is seriously offered by those in responsible positions... Page 69. [This argument is considered important by Mrs J.S.C.]

(15) It has been shown that only in one case is a monopoly of state insurance provided. This seems very desirable, especially as a plan of procedure for the states of the United States... Page 73.

(16) There remains for consideration but the final question of indemnity to ~~xxxxxx~~ private companies, for it is scarcely to be doubted that the logical result of state life insurance will be the state monopoly of life insurance. This monopoly might be brought about for two reasons.

First, because the state had initiated state insurance and felt that it had properly organized the work, and yet sufficient risks were not being secured.

Second, because it became immediately successful, and the social results were so evidently good, that a complete monopoly would seem quite justifiable. Page 74

(17) The insurance policies are contracts made between the company and the citizens of the several states. They are contracts extending over long periods, and by their number and character establish a certain species of income yielding property for the officials of the company, at least in the case of stock insurance companies. What other questions would arise from the provisions of the respective state constitutions only an examination of state constitutions would disclose. However, all these difficulties need not probably prevent the state from monopolizing the insurance business. For the reason that insurance companies existing at the time of monopolization would suffer a pecuniary damage, and for the fact that these constitutions do present difficulties, the better way would probably be to grant the companies the right to maintain their existing insurance, but to prevent them, after a certain period, from writing new policies. This would give the state an opportunity to organize its work and the companies an opportunity to adjust their business. Pages 79-80.

I enclose herewith some papers for favour of your opinion. As you may be aware, the Mysore Government conducts a Life Insurance business for the benefit of Government servants who are all obliged to take part in it. From time to time, a desire has been expressed in the Dasara Representative Assembly that the scheme should be thrown open to the people of the State generally so that any person in the State might take an insurance on his life. A detailed scheme on the subject has been prepared by Mr. J. S. Chakravarti, Comptroller and Financial Secretary to Government. Before taki any practical action on the scheme it considered desirable to consult expert like yourself in the matter. I shall be much obliged if you will kind go through the papers and favour me wit your opinion regarding the feasibility and soundness of the scheme.

I request the favour of an early reply.

Yours sincerely,

CSB

My dear Sir,

By direction of the Dewan, Mr. Visvesvaraya, I enclose herewith some papers for favour of your opinion. As you may be aware, the Mysore Government conducts a Life Insurance business for the benefit of Government servants who are all obliged to take part in it. From time to time, a desire has been expressed in the Dasara Representative Assembly that the scheme should be thrown open to the people of the State generally so that any person in the State might take an insurance on his life. A detailed scheme on the subject has been prepared by Mr. J.S. Chakravarti, Comptroller and Financial Secretary to Government. Before taking any practical action on the scheme, the Dewan considers it desirable to consult experts like yourself in the matter and he will be much obliged if you will kindly go through the papers and favour me with your opinion regarding the feasibility and soundness of the scheme.

I shall be much obliged ~~for~~ by an ~~early~~ reply at your early convenience ..

Yours sincerely,

C&B

Secretary.

Mysore Economic Conference

Committee of Industries & Commerce.

# EXTENSION OF STATE INSURANCE

## TO THE PUBLIC

BY

DEWAN BAHADUR J. S. CHAKRAVARTI, M.A., F.R.A.S., etc.,
Comptroller and Financial Secretary to
the Govt. of His Highness the
Maharaja of Mysore.

BANGALORE:
VOKKALIGARA SANGHA PRESS
1914

# EXTENSION OF STATE INSURANCE.

The object of this brief note is to ask the Committee to recommend the following important proposition to Government, *viz.*, "That it is desirable to throw open the State Life Insurance and Family Pension Schemes to the general Public."

2. In connection with this proposition I think it is hardly necessary to expatiate on the benefits of Life Insurance generally. Every one knows what a blessing insurance is to the rich and the poor alike. In fact the benefits of Insurance are far greater in the case of the poor man than in the case of the rich. The sudden death of the bread winner of a family, be he a cultivator, artizan, wage earner or a salaried servant, often leaves the family in a very helpless condition. Even in cases in which matters ultimately settle fairly well by another member of the family taking up the responsibilities of the deceased, there is frequently an intervening period of trouble, misery and destitution. In such cases the existence of some provision in the shape of insurance or family pension would certainly be a great relief to the bereaved family in its distress.

3. The point that has to be particularly borne in mind in this connection is that, if we want to carry the benefits of insurance to the great masses of our ryot and labouring population, State Insurance is at the present stage, the only solution. On the one hand it will be long before men of this class will trust anybody but the *Sirkar* in such matters. They will not go on paying solid and hard earned rupees month after month and year after year to a private Company in the hope that when they are dead and gone or after the lapse of a great number of years, the money will come back to themselves or their family with profit. On the other hand no private company will be able to do business of the kind that can be of any use to our ryot and labouring classes. The issue of a life assurance policy requires that the party taking the risk must make some enquiries and investigations about the person in respect of whom the risk is undertaken; it requires the company to come into a certain degree of touch with the circumstances and environments of the proposer. Unless the transaction is of a certain magnitude it is not worth the while of a business firm to make such enquiries and investigations; and private companies therefore fix some limit—Rs. 1,000 in most cases—as the minimum amount of a life policy. The premium payable in respect of a policy of this magnitude is at present and will be for many years beyond the capacity of the average ryot or labourer in the state. It is therefore impossible for a company to get into touch with these classes and do any business with them. But while private companies cannot do this, the Government with the taluk and village administrative machinery at their command, with the co-operative organization in touch with them, can easily undertake the task. I do not see why a hundred rupee or two hundred rupee policy, perhaps a five hundred rupee policy, in the State Insurance, should not be a common feature in the economic life of an average villager in Mysore in the course of a few years, if an earnest endeavour is made to popularize this beneficent movement.

4. It is hardly necessary to point out in detail the great economic improvement which the popularization of life insurance amongst the great masses of

population will mean. The necessity of paying the premium in time will engender thrift in their character. A policy, after a time, will become an asset to the holder on the security of which a loan will be possible in times of need or scarcity without the necessity of an elaborate procedure and encumbering the land. Familiarized with the idea of life insurance, the ryot will gradually come to understand other forms of insurance. In Germany, for instance, there are various forms of crop and cattle insurance and such a course has been thought of in Japan. A scheme of crop insurance or rainfall insurance is not inconceivable in the case of a country like Mysore. When once one branch of insurance—the simplest and the most easily understood—is established and the idea of insurance gets familiar with the masses, such developments as are most necessary and suited to the circumstances of the country will no doubt follow in due course.

5. It is easy to play the role of an economic purist in such matters and say—"This is the field of private enterprise, the State should not interfere." I have tried to show in the foregoing paragraphs that in respect of a very important class of people—the section which may be said to form the backbone of the population—this *cannot* be the field of private enterprise for very many years to come. But even in respect of the other class of business which private companies can take up, *viz.*, business coming from the middle and upper classes, is there any *local* enterprise in the field? Would not the people of this State rather deal with their own Government in a matter like this than with an outside Company having its headquarters far away? It may at once be said that if at any time there is private enterprise of the right sort in this direction within the State, the Government may, if such a course is considered desirable, cease doing fresh business of the kind which such private enterprise can effectively deal with, and leave the field to the private company with such encouragement and support as may be deemed justifiable. But pending the development of such local enterprise, should we remain idle and allow a considerable part of the generation to go without the benefits of insurance?

6. There is another point which may be considered in this connection. It has been said that private companies manage such commercial concerns better and at less cost than Government and that the State should not therefore take up such work, as the public can expect better return for their money from a company than from Government. As an example, it has been stated that the rates of private companies are more favourable than Mysore State Insurance rates. Such misstatements have been corrected in the past in the Representative Assembly but it is worth while again to state that our rates *are not higher*, generally speaking, than those of first class insurance companies. The figures given in the appended table will prove the correctness of this statement. Not only are the Mysore State Insurance office figures lower than most others but there is another important difference. The rates quoted for the private companies are "without profit" rates. The Mysore rates include profits, as it is the policy of Government to distribute the surplus declared at valuations amongst the policy holders after keeping a safe margin. The real difference in favour of Mysore rates is therefore much larger than appears from the figures in the table. In fact making allowance for this difference in the matter of profit distribution, the Mysore State rates are quite as favourable as the Government of India rates. These latter rates are strictly "without profit" rates, while the Government of Mysore have just ordered a reversionary addition of one per cent for each year for which premium has been paid to every State insurance policy. This means addition of profit upto 20 per cent of the value of the policy in some cases.

*Statement showing the Annual Premium for Assuring Life for Rs. 1,000 in different companies (without profit system) payable at age 55 or death if earlier.*

| No. | Companies. | Age. 25 | | | 30 | | | 35 | | | 40 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Rs. | a. | p. | Rs. | a. | p. | Rs. | a. | p. | Rs. | a. | p. | |
| 1 | A Company ... | 33 | 4 | 0 | 40 | 12 | 0 | 52 | 1 | 0 | 70 | 13 | 0 | |
| 2 | B „ ... | 32 | 9 | 0 | 39 | 11 | 0 | 50 | 8 | 0 | 68 | 11 | 0 | * |
| 3 | C „ ... | 34 | 4 | 0 | 41 | 6 | 8 | 52 | 8 | 8 | 71 | 4 | 0 | |
| 4 | D „ ... | 33 | 10 | 0 | 41 | 0 | 0 | 51 | 12 | 0 | 69 | 6 | 0 | |
| 5 | E „ ... | 32 | 8 | 0 | 39 | 11 | 0 | 50 | 9 | 0 | 68 | 13 | 0 | * |
| 6 | F „ ... | 33 | 14 | 0 | 41 | 4 | 0 | 52 | 0 | 0 | 69 | 10 | 0 | |
| 7 | G „ ... | ... | ... | ... | 50 | 14 | 9 | 62 | 8 | 0 | 83 | 4 | 0 | † |
| 8 | H „ ... | 34 | 3 | 0 | 43 | 0 | 0 | 53 | 10 | 0 | 71 | 6 | 0 | |
| 9 | I „ ... | 33 | 14 | 0 | 41 | 0 | 0 | 52 | 2 | 0 | 70 | 8 | 0 | |
| 10 | J „ ... | 39 | 2 | 0 | 46 | 2 | 0 | 56 | 11 | 0 | 74 | 7 | 0 | |
| 11 | K „ ... | 34 | 8 | 0 | 42 | 0 | 0 | 53 | 0 | 0 | 70 | 14 | 0 | |
| 12 | Govt. of India Postal Insurance ... | 29 | 6 | 0 | 37 | 8 | 0 | 48 | 15 | 0 | 67 | 4 | 0 | Old rate. |
| 13 | Do do ... | 29 | 6 | 0 | 36 | 4 | 0 | 47 | 5 | 0 | 65 | 15 | 0 | New rate |
| 14 | Mysore State Life Assurance ... | 33 | 1 | 3 | 40 | 8 | 9 | 51 | 0 | 8 | 68 | 11 | 0 | |

* Profits given only to those who survive the period at which their premiums paid with compound interest at 4%, amount to the original sum assured.

† Profits paid annually. No "without profit" rates.

7. The management of Mysore State Insurance can bear comparison in point of economy and efficiency with any institution of a similar kind. If the extension contemplated in the resolution is given effect to, the Insurance Committee suitably strengthened and the staff suitably increased, will manage the affairs on most economical and up-to-date lines. Of course when dealing with the general public a greater variety in policies and greater elasticity in methods of work will be necessary. But efforts and endeavours to serve the public will not be wanting when a useful field of work is opened. The Government have already sanctioned a scholarship to Europe for a Mysore graduate to qualify in the actuarial science; and by the time things develop here we shall have our own qualified actuary. In the meantime it is necessary to sanction the scheme, popularize ideas of insurance amongst the masses and begin work in real earnest.

8. State Life Insurance open to the public is no new idea. It was introduced by Gladstone in the United Kingdom as early as 1864 and any one in that country can now take a policy through the British Post Office for any amount from £ 5 to £. 100/-. The scheme of contributory old age pensions in force in many countries is to some extent of the nature of insurance. In Italy life insurance *has been made a State monopoly*, and after the time allowed to the existing life insurance

companies to wind up has expired, all life insurance work will be in the hands of Government.

9. A slight consideration of the subject will show that even a strict monopoly of life insurance by Government, as has been adopted in Italy, can be justified on strong grounds. Insurance is not an ordinary branch of industry or commerce in respect of which State monopoly is open to objection from the point of view of the public. The essence of life insurance business is that a man deposits a certain part of his savings to be returned to him or his family at a future date. The main requirements in the interest of the insured are absolute security and maximum return. It is clear that as regards security Government has obvious advantages over any private company. As regards return, the State with all its establishment in intimate contact with the people can work at least as economically as private companies; and while companies will generally absorb a certain sum annually as shareholders' profit, the State does not want to make any profit out of the business. The State is therefore in a position to give a better return for the money. But though monopoly of life insurance can be thus justified the proposal here is far from that of creating a monopoly. It only requires that the State should do life insurance business in cases which private enterprise cannot reach and in those in which the party prefers, for reasons of his own, to insure with Government.

10. No one can doubt that the scheme is conceived and put forward in the best interests of the people of the State. It can, if properly worked, do great good. It can under no circumstances do any harm. I implore this Committee *not* to look at this subject from a narrow standpoint *viz.*, whether a few private capitalists may or may not have the chance of making a little profit by doing a certain amount of life insurance business of a particular class within the State. I want the members to look at it from the broad point of view of the great masses of our agricultural and labouring population whom private companies cannot reach, at any rate for many years to come. For them a life insurance policy for an amount commensurate with their means will be a great source of strength and self-reliance, a powerful incentive to thrift and a valuable asset to fall back upon in times of need and scarcity. I ask that this subject may be looked upon not as a small branch of commercial business for the benefit of a few companies, but as a great elevating economic factor in the life of the population. The proposal started in the modest way now put forward, and then gradually developed, as it no doubt will be in course of time when once a beginning is made, has almost unlimited possibilities in the direction of economic progress of the population. In my humble opinion it deserves support from the Committee and early sanction at the hands of Government.

J. S. CHAKRAVARTI.